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> On Nov 8, 2012, at 1:08 AM, "Miller Jeff" [REDACTED] wrote:

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> TO: Clients and Friends

> FR: Jeff Miller, Tom Ross & Tony Russo

> RE: Election results in California

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> We do not want to make excuses for losing last night, but we do think we owe it all to you to analyze what happened in the election.

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> Just two weeks ago, the Secretary of State reported that Republican registration had dropped to under 30% while No Party Preference voters have reached 21% and are on a trajectory to surpass GOP registrants in the state in the next four years.

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> In 2008, Obama defeated McCain by 24% and in 2012, his current margin is at 21% and expected to grow as ballots are counted. In 2010, Brown defeated Whitman by what now seems like a narrow margin of 13%.

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> Over the last two decades, California's working class has slowly migrated out of the state and Latino and women voters are completely disenfranchised with the Republican Party. There are only a few pockets of conservative voters left in the state and they are only able to help carry the day for Republicans in ultra-low turnout elections on issues where campaign spending is at parity or to the Republican advantage, and where the Democratic and union grassroots apparatus is not activated. (i.e. Prop 29 tobacco tax).

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> Meanwhile, the power of the government employee unions has grown exponentially – raising in excess of \$130 million to pass Prop 30 and defeat Prop 32, and tens of millions more dedicated to legislative contests. At the same time, the Sacramento based corporate community; in an effort to protect themselves from undo regulations and industry-specific taxes has been little help in the overall fight – giving heavily to the passage of Prop 30 and supporting Democrats in key target races throughout the state.

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> There is no good way to sugar coat this. We lost last night in California – the governor's tax measure passed; we weren't successful in getting Prop 32 over the finish line and it looks like Republicans are going to lose their 2/3rds margins in both houses of the legislature. After all ballots have been counted we will have lost at least four congressional seats to the Democrats. Many of our local races didn't fair much better. The Republican label is anathema to younger voters, women and Latinos – growing voter blocs with real significance to future elections.

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> In addition to industry specific taxes on tobacco, oil, soda, alcohol, we expect the Democrats and unions to advance hurtful public policies related to labor law, frivolous lawsuits, and environmental regulation. Darrell Steinberg, the Democratic Senate Pro Tem has already said he wants to make use of the new super majorities to limit the initiative process, sunset initiatives and pass tax reform.

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> We are going to be on permanent defense in California for the foreseeable future and even then, we will need to pick our battles wisely and not spread ourselves too thin. While prying defense, we're going to have to try and force the Democrats into making mistakes that we can use to score small victories and build momentum.

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> We realize some of you think we could have done things differently on the initiative campaigns, and you are probably right. Some changes may have made a difference for us by a point or two, but nothing would have made a significant enough difference with the massive Democrat turn-out we faced. If you are interested, we are happy to walk you through all of the coalition building, earned media efforts, rallies, research etc. we executed.

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> Many could, and i am sure will argue that efforts on Prop 32 actually fully ignited all of the power of the public and private employee unions, and they might be right.

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